

**REMARKS:**

Claims 1-94 are currently pending in the application. Claims 1, 2, 5-7, 11, 15, 16, 19-21, 25, 29-32, 35-37, 41, 42, 45, 46, 49-51, 55, 56, 63, 64, 67-69, 73, 74, 78, 79, 82-84, 88, 89, and 91 stand rejected under 35 U.S.C. § 103(a) over Patent No. EP 0070967 to Schmidt et al. ("Schmidt") in view of U.S. Patent No. 5,754,938 to Herz et al. ("Herz") and in further view of Dr. Pattie Maes et al., "AGENTS THAT BUY AND SELL", Communications of the ACM, March 1999, Vol. 42, No. 3 ("Maes"). Claims 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92-94 stand rejected under 35 U.S.C. § 103(a) over Schmidt in view of Herz in further view of Maes and in further view of U.S. Patent No. 5,970,479 to Shepherd et al. ("Shepherd").

A Final Office Action in the subject Application was mailed to the undersigned on 15 July 2005, which provides for a response period ending 15 October 2005. The Applicants filed an Amendment After Final on 16 August 2005, within two (2) months of the date of the Final Office Action. An Advisory Action was mailed to the undersigned on 14 September 2005. The Advisory Action stated that the proposed Amendments filed on 16 August 2005 will not be entered because the newly added limitations in claims 1, 15, 29, 45, 63, 78, 93, and 94 regarding supply chain activity optimization involving multiple enterprises raise new issues that require further consideration and/or search. (14 September 2005 Advisory Action, Page 1).

The Advisory Action further stated that the request for reconsideration has been considered but does not place the Application in condition for allowance because: (1) (listed on applicants Response to Final Office Action 08/19105) page 36 and 37 "Schmidt does not disclose.. the negotiation of the vendor-managed replenishment contract or any negotiation over the purchase order was addressed (In examiners office action 7/15/05) page 18-19; (2) (listed on applicants Response to Final Office Action 08/19/05) page 37 "Hertz does not disclose automatic' was addressed (in examiners office action 7/15 page 19; (3) (listed on applicants Response to Final Office Action 08/19 page 39 "Maes does not disclose.. automatic collaborative negotiation" was addressed (In examiners office

action 7/15/05) page 19-20; (4) (listed on applicants Response to Final Office Action 08/19/05) page 37-39 "Schmidt does not disclose supply chain activity optimization" was addressed (In examiners office action 7/15/05) page 18-19; and (5) (listed on applicants Response to Final Office Action 08/19 page 37-39 "lack of motivation" was addressed (in examiners office action 7/15/05 page 21. (14 September 2005 Advisory Action, Page 2). The Applicants respectfully disagree with the Examiner and believe the Amendments After Final places the Application in condition for allowance.

The Applicants respectfully reiterate here the arguments set forth in the Amendment After Final filed on 16 August 2005, as if fully set forth herein.

This Amendment is being filed prior to the ending of the response period 15 October 2005 of the Final Office Action mailed on 15 July 2005. By this Amendment, independent claims 1, 15, 29, 45, 63, 78, 93, and 94 have been amended to more particularly point out and distinctly claim the Applicants invention. By making these amendments, the Applicants make no admission concerning the merits of the Examiner's rejection, and respectfully deny any statement or averment of the Examiner not specifically addressed. Particularly, the Applicants reserve the right to file additional claims in this Application or through a continuation patent application of substantially the same scope of originally filed independent claims 1, 15, 29, 45, 63, 78, 93, and 94. No new matter has been added.

#### **REJECTION UNDER 35 U.S.C. § 101:**

The Applicants thank the Examiner for withdrawing the 35 U.S.C. § 101 rejection to the specification.

**REJECTION UNDER 35 U.S.C. § 103(a):**

Claims 1, 2, 5-7, 11, 15, 16, 19-21, 25, 29-32, 35-37, 41, 42, 45, 46, 49-51, 55, 56, 63, 64, 67-69, 73, 74, 78, 79, 82-84, 88, 89, and 91 stand rejected under 35 U.S.C. § 103(a) over Schmidt in view of Herz and in further view of Maes. Claims 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92-94 stand rejected under 35 U.S.C. § 103(a) over Schmidt in view of Herz in further view of Maes and in further view of Shepherd.

Although the Applicants believe claims 1-94 are directed to patentable subject matter without amendment, the Applicants have amended claims 1, 15, 29, 45, 63, 78, 93, and 94 to more particularly point out and distinctly claim the Applicants invention. By making these amendments, the Applicants do not indicate agreement with or acquiescence to the Examiner's position with respect to the rejections of these claims under 35 U.S.C. § 103(a), as set forth in the Office Action.

The Applicants respectfully submit that Schmidt, Herz, or Maes either individually or in combination, fail to disclose, teach, or suggest each and every element of claims 1, 2, 5-7, 11, 15, 16, 19-21, 25, 29-32, 35-37, 41, 42, 45, 46, 49-51, 55, 56, 63, 64, 67-69, 73, 74, 78, 79, 82-84, 88, 89, and 91. The Applicants further submit that Schmidt, Herz, Maes, or Shepherd either individually or in combination, fail to disclose, teach, or suggest each and every element of claims 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92-94. Thus, the Applicants respectfully traverse the Examiners obvious rejection of claims 1-94 under 35 U.S.C. § 103(a) over the proposed combination of Schmidt, Herz, Maes, or Shepherd either individually or in combination.

For example, with respect to amended independent claim 1, this claim recites:

A method of supply chain activity optimization involving multiple enterprises at a buyer computer system, comprising:  
accessing a forecasted demand for at least one item;  
automatically and without user input subsequent to accessing the forecasted demand, generating one or more proposed flexible trade contracts using the forecasted demand for the item;

automatically and without user input subsequent to generating the proposed flexible trade contracts, communicating each proposed flexible trade contract to a seller computer system to initiate an automatic collaborative negotiation over the proposed flexible trade contract with the seller computer system;

automatically and without user input subsequent to communicating the proposed flexible trade contract, as part of the automatic collaborative negotiation, receiving at least one modification of the proposed flexible trade contract from the seller computer system for automatic evaluation and possible acceptance in response to communicating the proposed flexible trade contract;

automatically and without user input subsequent to receiving the modification of the proposed flexible trade contract from the seller computer system, as part of the automatic collaborative negotiation, evaluating the modification to determine whether the modification is acceptable;

automatically and without user input subsequent to evaluating the modification of the proposed flexible trade contract, as part of the automatic collaborative negotiation, accepting the modification if the modification is acceptable; and

subsequent to execution of a flexible trade contract created based on the proposed flexible trade contract as a result of the automatic collaborative negotiation, taking one or more actions to perform under the executed flexible trade contract. (Emphasis Added).

Amended independent claims 15, 29, 45, 63, 78, 93, and 94 recite similar limitations. Schmidt, Herz, Maes and Shepherd, either individually or in combination, fail to disclose each and every limitation of amended independent claims 1, 15, 29, 45, 63, 78, 93, and 94.

The Applicants have reviewed Schmidt in detail, particularly looking for a method of supply chain activity optimization involving multiple enterprises at a buyer and seller computer system, relied upon by the Examiner. (15 July 2005 Office Action, Pages 2-3). However, Schmidt fails to disclose, teach or suggest several of the limitations recited by amended independent claim 1. Thus, the Applicants respectfully traverse the Examiner's assertions regarding the subject matter disclosed in Schmidt.

The Applicants respectfully submit that Schmidt has nothing to do with amended independent claim 1 limitations regarding a method of supply chain activity optimization

involving multiple enterprises at a buyer and seller computer. Rather Schmidt discloses a vendor-managed replenishment contract being manually proposed, studied, and negotiated prior to the initiation of a potential vendor-managed replenishment contract. (Page 30, Lines 19-41). Schmidt does not disclose, teach, or suggest the negotiation of the vendor-managed replenishment contract or any negotiation over the purchase order.

However, the Examiner asserts that the cited portions of Schmidt disclose details of the negotiation of the vendor-managed replenishment contract or any negotiation over the purchase order. (15 July 2005 Office Action, Page 19). However, Schmidt fails to disclose a method of supply chain activity optimization involving multiple enterprises at a buyer and seller computer. Thus, the Applicants respectfully traverse the Examiner's assertions regarding the subject matter disclosed in Schmidt. The Applicants respectfully direct the Examiner's attention to the cited text of Schmidt which states:

It is an object of the present invention to provide a system that will reconcile the demand and supply aspects of a supply chain.

The Applicants respectfully submit that the Examiner has misdescribed the reconciliation of Schmidt. Schmidt has nothing to do with amended independent claim 1 limitations regarding a method of supply chain activity optimization involving multiple enterprises at a buyer and seller computer. The above-cited text of Schmidt merely describes a process to reconcile demand and supply requirements in a supply chain using the Production-Sales-Inventory. This process only allows a single user, including the teaching of user input, to modify a temporary Production-Sales-Inventory and has nothing to do with the original Production-Sales-Inventory, let alone the interaction of a buyer or seller computer. Thus, Schmidt cannot provide for an optimization or negotiation over a buyer or seller computer, since Schmidt does not even provide for any interaction with the evaluation or negotiation of a buyer or seller computer in the first place.

The Applicants further submit that the Office Action acknowledges, and the Applicants agree, that Schmidt fails to disclose the emphasized limitations noted above in amended independent claim 1. Specifically the Examiner acknowledges that Schmidt fails

to disclose the buyer or seller computer: (1) automatically generating the proposed flexible trade contracts; (2) automatically communicating the proposed flexible trade contract to a seller computer system; (3) buyer and seller computer systems entering into an automatic collaborative negotiation state; (4) automatically evaluating the buyer computer proposed flexible trade contract and communicating a modification; (5) automatically receiving the modification of the proposed flexible trade contract from the seller computer system; (6) automatically evaluating the modification of the proposed flexible trade contract; (7) automatically accepting the modification if the modification is acceptable; and (8) conducting all the above steps automatically without user input. (15 July 2005 Office Action, Page 3). However, the Examiner asserts that the cited portions of Herz disclose the acknowledged shortcomings in Schmidt.

The Applicants have reviewed Herz in detail, particularly looking for amended independent claim 1 limitations regarding a supply chain activity optimization involving multiple enterprises at buyer and seller computer systems, relied upon by the Examiner. However, Herz fails to disclose, teach or suggest several of the limitations recited by amended independent claim 1. Thus, the Applicants respectfully traverse the Examiners assertions regarding the subject matter disclosed in Herz.

The Applicants respectfully submit that Herz fails to disclose a supply chain activity optimization involving multiple enterprises at buyer and seller computer systems comprising: (1) automatically generating the proposed flexible trade contracts; (2) automatically communicating the proposed flexible trade contract to a seller computer system; (3) buyer and seller computer systems entering into an automatic collaborative negotiation state; (4) automatically evaluating the buyer computer proposed flexible trade contract and communicating a modification; (5) automatically receiving the modification of the proposed flexible trade contract from the seller computer system; (6) automatically evaluating the modification of the proposed flexible trade contract; (7) automatically accepting the modification if the modification is acceptable; and (8) conducting all the above steps automatically without user input. Rather Herz discloses a system that monitors stock prices and, when certain stock-performance characteristics are met, automatically places a buy or sell order. (Column 61, Lines 35-39). This approach merely

describes a unilateral monitoring activity that is able to notify the user of a predetermined stock price. Herz fails to disclose, teach, or suggest that this system that unilaterally monitors stock prices or unilaterally notifies a user is in anyway automatically negotiated, or even bilaterally negotiated, by the buyer or seller computer systems. The Applicants respectfully direct the Examiner's attention to the cited text of Herz which states:

Furthermore, the user can set filter parameters so that the system can monitor stock prices and automatically take certain actions, such as placing buy or sell orders, or paging the user with a notification, when certain stock performance characteristics are met. Thus, the system can immediately notify the user when a selected stock reaches a predetermined price, without the user having to monitor the stock market activity. (Column 61, Lines 35-42). (Emphasis Added).

The Applicants respectfully submit that the Examiner has mischaracterized the unilateral passive filter parameter of Herz. In fact, Herz has nothing to do with amended independent claim 1 limitations regarding the automatic collaborative negotiation of a supply chain activity optimization involving multiple enterprises at buyer and seller computer systems. In fact, the above-cited text of Herz merely describes a unilateral passive filter mechanism that provides notification to a user. This unilateral notification of Herz, is not related in anyway to a bilateral communication of the interaction between a buyer and seller computer system. In addition, the unilateral notification of Herz, does not explicitly or impliedly provide for any type of bilateral communication, to for example, buy stock, sell stock, or page the user, when the stock reaches a static, non negotiated, unilateral predetermined price. Furthermore, this unilateral predetermined price of Herz, is not a collaborative, mutual, two-way, or even a mutually negotiated price. Thus, Herz, cannot provide for a supply chain activity optimization involving multiple enterprises at buyer and seller computer systems comprising: (1) automatically generates a proposed flexible trade contracts or even a proposed stock agreement contract; (2) automatically communicates the proposed flexible trade contract or even a proposed stock agreement contract to a seller computer system; (3) buyer and seller computer systems entering into an automatic collaborative negotiation state or any type of stock negotiation state; (4) automatically evaluates the buyer computer proposed flexible trade contract and

communicates a modification; (5) automatically receives the modification of the proposed flexible trade contract from the seller computer system or any stock system; (6) automatically evaluates the modification of the proposed flexible trade contract; (7) automatically accepts the modification if the modification is acceptable; and (8) conducting all the above steps automatically without user input.

The Examiner further asserts that the cited portions of Maes disclose the acknowledged shortcomings in Schmidt. The Applicants disagree. The Applicants have reviewed Maes in detail, particularly looking for amended independent claim 1 limitations regarding a supply chain activity optimization involving multiple enterprises at buyer and seller computer systems, relied upon by the Examiner. (15 July 2005 Office Action, Page 4). However, Maes fails to disclose, teach or suggest several of the limitations recited by amended independent claim 1. Thus, the Applicants respectfully traverse the Examiners assertions regarding the subject matter disclosed in Maes.

The Applicants respectfully submit that Maes does not disclose a supply chain activity optimization involving multiple enterprises at buyer and seller computer systems comprising: (1) automatically generating the proposed flexible trade contracts; (2) automatically communicating the proposed flexible trade contract to a seller computer system; (3) buyer and seller computer systems entering into an automatic collaborative negotiation state; (4) automatically evaluating the buyer computer proposed flexible trade contract and communicating a modification; (5) automatically receiving the modification of the proposed flexible trade contract from the seller computer system; (6) automatically evaluating the modification of the proposed flexible trade contract; (7) automatically accepting the modification if the modification is acceptable; and (8) conducting all the above steps automatically without user input. Rather Maes discloses a software agent to automate several of the most time-consuming stages of a buying process. (Page 81). The software agent of Maes, merely provides an approach to assist in the buying process. In essence, the buying process of Maes is the process associated only with buying, it is a unilateral buying process and does not have anything to do with the interaction between buying or selling computer systems.



The Applicants respectfully direct the Examiner's attention to the cited text of Maes which states:

Buying agents automatically collect information on vendors and products that may fit the needs of the company [For example, a company that needs to order paper supplies could enlist agents to monitor the quantity and usage patterns of paper within the company, launching buying agents when supplies are low.] Although consumer buying behavior covers many areas, it is important to recognize its limitations. [...S]ome beyond the scope of [the] consumer buying behavior model (such as [...] supply chain management[.] (Page 82). (Emphasis Added).

The Applicants respectfully submit that the Examiner has mischaracterized the buying agent of Maes. In fact, Maes has nothing to do with independent claim 1 limitations regarding the automatic collaborative negotiation of a supply chain activity optimization involving multiple enterprises at buyer and seller computer systems. The above-cited text of Maes merely describes a buying agent to automate several of the time-consuming tasks associated with ordering supplies for a company. In fact, the consumer buying behavior model focuses solely on the buying behavior characteristics associated with the collection of information. In addition, Maes teaches away from the claimed invention by expressly stating that supply chain management is beyond the scope of Maes. Thus, Maes, does not teach, suggest, or even hint at a buying agent that is in anyway associated with a supply chain activity optimization involving multiple enterprises at buyer and seller computer systems comprising: (1) automatically generates a proposed flexible trade contracts or even a proposed stock agreement contract; (2) automatically communicates the proposed flexible trade contract or even a proposed stock agreement contract to a seller computer system; (3) buyer and seller computer systems entering into an automatic collaborative negotiation state or any type of stock negotiation state; (4) automatically evaluates the buyer computer proposed flexible trade contract and communicates a modification; (5) automatically receives the modification of the proposed flexible trade contract from the seller computer system or any stock system; (6) automatically evaluates the modification of the proposed flexible trade contract; (7) automatically accepts the modification if the modification is acceptable; and (8) conducting all the above steps automatically without user input.

The Applicants further submit that Schmidt, Herz, or Maes, either individually or in combination further fail to disclose, teach, or suggest each and every element of claims 1, 2, 5-7, 11, 15, 16, 19-21, 25, 29-32, 35-37, 41, 42, 45, 46, 49-51, 55, 56, 63, 64, 67-69, 73, 74, 78, 79, 82-84, 88, 89, and 91. The Applicants respectfully direct the Examiner's attention to amended independent claims 29 and 45, which provide for further limitations, not disclosed, taught, or suggested in Schmidt, Herz, or Maes, these claims recite:

A procurement manager [and a supply manager] for supply chain activity optimization involving multiple enterprises, comprising:

a negotiation module operable to:

receive a forecasted demand for at least one item;

automatically and without user input subsequent to receiving the forecasted demand, generate one or more proposed flexible trade contracts using the forecasted demand for the item;

[receive, as part of an automatic collaborative negotiation, one or more proposed flexible trade contracts from a buyer computer system for automatic evaluation and possible acceptance, each proposed flexible trade contract reflecting a buyer's forecasted demand for at least one item;]

automatically and without user input subsequent to generating the proposed flexible trade contracts, communicate each proposed flexible trade contract to a seller computer system to initiate an automatic collaborative negotiation over the proposed flexible trade contract with the seller computer system;

[automatically and without user input subsequent to receiving a proposed flexible trade contract from the buyer computer system, as part of the automatic collaborative negotiation, evaluate the proposed flexible trade contract to determine whether the proposed flexible trade contract is acceptable;]

automatically and without user input subsequent to communicating the proposed flexible trade contract, as part of the automatic collaborative negotiation, receive at least one modification of the proposed flexible trade contract from the seller computer system for automatic evaluation and possible acceptance in response to communicating the proposed flexible trade contract;

[automatically and without user input subsequent to evaluating the proposed flexible trade contract, as part of the automatic collaborative negotiation:

if the proposed flexible trade contract is acceptable, accept the proposed flexible trade contract; and

if the proposed flexible trade contract is not acceptable, generate at least one modification of the proposed flexible trade contract and communicate the modification to the buyer computer system for automatic evaluation and possible acceptance; and]

automatically and without user input subsequent to receiving the modification of the proposed flexible trade contract from the seller computer system, as part of the automatic collaborative negotiation, evaluate the modification to determine whether the modification is acceptable; and

automatically and without user input subsequent to evaluating the modification of the proposed flexible trade contract, as part of the automatic collaborative negotiation, accept the modification if the modification is acceptable; and

an execution module operable to execute a flexible trade contract created based on the proposed flexible trade contract as a result of the automatic collaborative negotiation to enable one or more actions to be taken to perform under the executed flexible trade contract.

Schmidt, Herz, and Maes either individually or in combination, fail to disclose each and every limitation of amended independent claims 29 and 45.

The Applicants respectfully submit that Schmidt, Herz, or Maes have nothing to do with amended independent claim 29 and 45 limitations regarding a procurement manager or a supply manager for supply chain activity optimization involving multiple enterprises and in particular Schmidt, Herz, or Maes have nothing to do with a negotiation module or an execution module. Schmidt, Herz, or Maes does not disclose, teach, or suggest a procurement manager or a supply manager for supply chain activity optimization involving multiple enterprises including a negotiation module operable to: (1) generate a proposed flexible trade contract; (2) receive for automatic evaluation and possible acceptance; (3) communicate each proposed flexible trade contract to initiate an automatic collaborative negotiation; (4) evaluate the proposed flexible trade contract to determine whether acceptable; (5) receive at least one modification; (6) if acceptable, accept the proposed flexible trade contract; (7) if not acceptable, generate at least one modification; (8) receive the modification of the proposed flexible trade contract; (9) accept the modification if the modification is acceptable; (10) conducting all the above steps automatically without user input. Thus, Schmidt, Herz, or Maes cannot provide for a procurement manager or a supply manager for supply chain activity optimization involving multiple enterprises, since Schmidt, Herz, or Maes, does not even provide for a negotiation module or an execution module in the first place.

The Applicants respectfully submit that the Office Action has failed to properly establish a *prima facie* case of obviousness based on the proposed combination of Schmidt, Herz, and Maes, either individually or in combination. The Office Action has not shown the required teaching, suggestion, or motivation in these references or in knowledge generally available to those of ordinary skill in the art at the time of the invention to combine Schmidt, Herz, and Maes as proposed. The Office Action merely states that it would have been obvious to one having ordinary skill in the art at the time the invention was made to allow seller and buyer computers in Schmidt to automatically and without user input negotiate the contract. (15 July 2005 Office Action, Pages 4-10).

The Applicants further submit that this purported advantage relied on by the Examiner is nowhere disclosed, taught, or suggested in Schmidt, Herz, or Maes, either individually or in combination. The Examiner asserts that one of ordinary skill in the art, at the time of the invention, would have been motivated to modify Schmidt, Herz, and Maes in order to reduce the cost of the procurement units as well as to reduce the time needed to obtain the items. (15 July 2005 Office Action, Pages 4-10). The Applicants respectfully disagree. The Applicants respectfully request the Examiner to point to the portions of Schmidt, Herz, or Maes which contain the teaching, suggestion, or motivation to combine Schmidt, Herz, and Maes for the Examiners stated purported advantage. The Applicants further submit that the Examiner is using the subject Application as a template to formulate reconstructive hindsight, which constitutes impermissible use of hindsight under 35 U.S.C. § 103(a). A recent Federal Circuit case makes it crystal clear that, in an obviousness situation, the prior art must disclose each and every element of the claimed invention, and that any motivation to combine or modify the prior art must be based upon a suggestion in the prior art. In re Lee, 61 U.S.P.Q.2d 1430 (Fed. Cir. 2002). (Emphasis Added). Conclusory statements regarding common knowledge and common sense are insufficient to support a finding of obviousness. Id. at 1434-35. Thus, the Office Action fails to provide proper motivation for combining the teachings of Schmidt, Herz, or Maes, either individually or in combination.

The Applicants still further submit that the Office Action acknowledges, and the Applicants agree, that Schmidt, Herz, and Maes either individually or in combination, fail to

disclose the emphasized limitations noted above in claims 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92-94. Specifically the Examiner acknowledges that Schmidt, Herz, and Maes fail to disclose a supply chain activity optimization involving multiple enterprises at a buyer and seller computer system: (1) wherein each forward contract comprises a quantity of the item that a buyer is obligated to purchase and a seller is obligated to supply; (2) wherein each forward contract comprises a unit forward contract, and wherein the buyer is obligated to purchase and the seller is obligated to supply a quantity of one unit of the item; (3) updating the forecasted demand for the item and exercising an option in the flexible trade contract based on the updated forecasted demand; (4) calculating a penalty if a seller fails to comply with a term of the flexible trade contract nor wherein communicating each proposed flexible trade contract to the seller computer comprises communicating each proposed flexible trade contract to the seller computer through an intermediary; (5) wherein each forward contract comprises a quantity of the item that a buyer is obligated to purchase and a seller is obligated to supply; (6) a plurality of subcontracts each comprising an option, each option comprising at least one parameter; and (7) tracking module operable to calculate a penalty if a seller fails to comply with a term of the flexible trade contract nor a tracing module operable to calculate a penalty if a seller fails to comply with a term of the flexible trade contract. (15 July 2005 Office Action, Pages 10-18). However, the Examiner asserts that the cited portions of Sheperd disclose the acknowledged shortcomings in Schmidt, Herz, and Maes.

The Applicants have reviewed Sheperd in detail, particularly looking for claim 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92-94 limitations regarding a supply chain activity optimization involving multiple enterprises at a buyer and seller computer system, relied upon by the Examiner. However, Sheperd fails to disclose, teach or suggest several of the limitations recited by claims 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92-94. Thus, the Applicants respectfully traverse the Examiners assertions regarding the subject matter disclosed in Sheperd. The Applicants respectfully direct the Examiner's attention to the cited text of Sheperd which states:

It is important that the assessments as to future outcomes of events are made independently of any other party who could be a counter-party to a contract. The nature of the pricing and matching, therefore, is totally different to conventional negotiation or bidding as between parties. (Column 3, Lines 59-64). (Emphasis Added).

The Applicants respectfully submit that the Examiner has mischaracterized the negotiation process of Sheperd. In fact, Sheperd has nothing to do with claim 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92-94 limitations regarding a supply chain activity optimization involving multiple enterprises at buyer and seller computer systems. The above-cited text of Sheperd merely describes a process that excludes all other parties to a contract, made independently of any other party. Furthermore, Shepherd merely discloses a system that automatically secures agreement of stakeholders of an options contract seeking to trade the options contract. Shepherd fails to disclose, teach, or suggest specific steps in the above limitations of claims 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92-94, during the automatic negotiation of the buyer or seller computer.

The Applicants respectfully submit that the Office Action has failed to properly establish a *prima facie* case of obviousness based on the proposed combination of Schmidt, Herz, Maes, and Shepherd. The Office Action has not shown the required teaching, suggestion, or motivation in these references or in knowledge generally available to those of ordinary skill in the art at the time of the invention to combine these references as proposed. The Office Action merely states that it would have been obvious to one having ordinary skill in the art at the time the invention was made to modify Schmidt, Herz, and Maes with Shepherd in order to minimize the risk and facilitate the quickly conclusion of the negotiation. (15 July 2005 Office Action, Pages 11-18).

The Applicants further submit that these purported advantages relied on by the Examiner of minimizing the risk and facilitating the quickly conclusion of the negotiation are nowhere disclosed, taught, or suggested in Schmidt, Herz, Maes, and Shepherd, either individually or in combination. The Examiner asserts that the cited portions of Herz

provide these purported advantages relied on by the Examiner. (15 July 2005 Office Action, Pages 20-21). The Applicants respectfully disagree. The Applicants respectfully direct the Examiner's attention to the cited text of Herz which states:

It is a problem in the field of electronic media to enable a user to access information of relevance and interest to the user without requiring the user to expend an excessive amount of time and energy searching for the information. Electronic media, such as on-line information sources provide a vast amount of information to users, typically in the form of "articles" each of which compromises a publication item or document that relates to a specific topic. (Column 1, Lines 44-51). (Emphasis Added).

The Applicants respectfully submit that the Examiner has mischaracterized Herz. The above-cited text of Herz merely describes a user gaining access to information sources, such as on-line articles, publications, or documents that each relate to a specific topic of which the user is searching for. Thus, the Applicants respectfully request the examiner to point to portions of Schmidt, Herz, Maes, or Shepherd, which contain the teaching, suggestion, or motivation to combine these references for the purpose of minimizing the risk and facilitating the quickly conclusion of the negotiation. The Applicants further submit that the Examiner is using the subject Application as a template to formulate reconstructive hindsight, which constitutes impermissible use of hindsight under 35 U.S.C. § 103(a). A recent Federal Circuit case makes it crystal clear that, in an obviousness situation, the prior art must disclose each and every element of the claimed invention, and that any motivation to combine or modify the prior art must be based upon a suggestion in the prior art. In re Lee, 61 U.S.P.Q.2d 1430 (Fed. Cir. 2002). (Emphasis Added). Conclusory statements regarding common knowledge and common sense are insufficient to support a finding of obviousness. Id. at 1434-35. Thus, the Office Action fails to provide proper motivation for combining the teachings of Schmidt, Herz, Maes, or Shepherd, either individually or in combination.

Amended independent claims 1, 29, and 45 are considered patentably distinguishable over the proposed combination of Schmidt, Herz, Maes, and Shepherd for at least the reasons discussed above. With respect to amended independent claims 15, 63, 78, 93, and 94 each of these claims includes limitations similar to those discussed

above in connection with amended independent claims 1, 29, and 45. Thus, amended independent claims 15, 63, 78, 93, and 94 are considered patentably distinguishable over the proposed combination of Schmidt, Herz, Maes, and Shepherd for at least the reasons discussed above in connection with amended independent claims 1, 29, and 45.

With respect to dependent claims 2, 5-7, 11, 16, 19-21, 25, 30-32, 35-37, 41, 42, 46, 49-51, 55, 56, 64, 67-69, 73, 74, 79, 82-84, 88, 89, and 91: claims 2, 5-7, and 11 depend from amended independent claim 1; claims 16, 19-21, and 25 depend from amended independent claim 15; claims 30-32, 35-37, 41, and 42 depend from amended independent claim 29; claims 46, 49-51, 55, and 56 depend from amended independent claim 45; claims 64, 67-69, 73, and 74 depend from amended independent claim 63; and claims 79, 82-84, 88, 89, and 91 depend from amended independent claim 78. As mentioned above, each of amended independent claims 1, 15, 29, 45, 63, and 78 are considered patentably distinguishable over the proposed combination of Schmidt, Herz, Maes, and Shepherd. Thus, dependent claims 2, 5-7, 11, 15, 16, 19-21, 25, 29-32, 35-37, 41, 42, 45, 46, 49-51, 55, 56, 63, 64, 67-69, 73, 74, 78, 79, 82-84, 88, 89, and 91 are considered to be in condition for allowance for at least the reason of depending from an allowable claim.

With respect to dependent claims 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92: claims 3, 4, 8-10, 12-14, and 60 depend from amended independent claim 1; claims 17, 18, 22-24, 26-28, and 60 depend from amended independent claim 15; claims 33, 34, 38-40, 43, 44, and 61 depend from amended independent claim 29; claims 47, 48, 52-54, 57, 58, and 62 depend from amended independent claim 45; claims 65, 66, 70-72, and 75-77 depend from amended independent claim 63; and claims 80, 81, 85-87, 90, and 92 depend from amended independent claim 78. As mentioned above, each of amended independent claims 1, 15, 29, 45, 63, 78, 93, and 94 are considered patentably distinguishable over the proposed combination of Schmidt, Herz, Maes and Shepherd. Thus, dependent claims 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-28, 33, 34, 38-40, 43, 44, 47, 48, 52-54, 57-62, 65, 66, 70-72, 75-77, 80, 81, 85-87, 90, and 92 are considered to be in condition for allowance for at least the reason of depending from an allowable claim.



For the reasons set forth herein, the Applicants submit that claims 1-94 are not rendered obvious by the proposed combination of Schmidt, Herz, Maes, and Shepherd. The Applicants further submit that claims 1-94 are in condition for allowance. Thus, the Applicants respectfully request that the rejection of claims 1-94 under 35 U.S.C. § 103(a) be reconsidered and that claims 1-94 be allowed.

#### **THE LEGAL STANDARD FOR OBVIOUSNESS REJECTIONS UNDER 35 U.S.C. § 103:**

To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991); M.P.E.P. § 2142. Moreover, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 U.S.P.Q. 580 (CCPA 1974). If an independent claim is nonobvious under 35 U.S.C. § 103, then any claim depending therefrom is nonobvious. *In re Fine*, 837 F.2d 1071, 5 U.S.P.Q.2d 1596 (Fed. Cir. 1988); M.P.E.P. § 2143.03.

With respect to alleged obviousness, there must be something in the prior art as a whole to suggest the desirability, and thus the obviousness, of making the combination. *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561 (Fed. Cir. 1986). In fact, the absence of a suggestion to combine is dispositive in an obviousness determination. *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573 (Fed. Cir. 1997). The mere fact that the prior art can be combined or modified does not make the resultant combination obvious unless the prior art also suggests the desirability of the combination. *In re Mills*, 916 F.2d 680, 16 U.S.P.Q.2d 1430 (Fed. Cir. 1990); M.P.E.P. § 2143.01. The consistent criterion for determining obviousness is whether the prior art would have suggested to one

of ordinary skill in the art that the process should be carried out and would have a reasonable likelihood of success, viewed in the light of the prior art. Both the suggestion and the expectation of success must be founded in the prior art, not in the Applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991; *In re O'Farrell*, 853 F.2d 894 (Fed. Cir. 1988); M.P.E.P. § 2142.

A recent Federal Circuit case makes it clear that, in an obviousness situation, the prior art must disclose each and every element of the claimed invention, and that any motivation to combine or modify the prior art must be based upon a suggestion in the prior art. *In re Lee*, 61 U.S.P.Q.2d 1430 (Fed. Cir. 2002). Conclusory statements regarding common knowledge and common sense are insufficient to support a finding of obviousness. *Id.* at 1434-35.

**CONCLUSION:**

In view of the foregoing amendments and remarks, this application is considered to be in condition for allowance, and early reconsideration and a Notice of Allowance are earnestly solicited.

Although Applicants believe no fees are deemed to be necessary; the undersigned hereby authorizes the Director to charge any additional fees which may be required, or credit any overpayments, to **Deposit Account No. 500777**.

**Please link this application to Customer No. 53184 so that its status may be checked via the PAIR System.**

Respectfully submitted,

10/4/05  
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